



Office of the City Auditor

Preservation, Maintenance, Care, and Disposition of Public Records Report No. 0301

February 6, 2004

The City has an opportunity to create an efficient and effective records management program to provide citizens and other interested parties with the assurance that the appropriate records will be created, retained for the time period needed, and then either destroyed or transferred to permanent storage.

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February 6, 2004

To the Most Honorable Mary Manross, Mayor
and Members of the Scottsdale City Council

Transmitted herewith is our report "Preservation, Maintenance, Care, and Disposition of Public Records," Report No. 0301. The document sets out a series of recommendations to strengthen records management. The City Manager, City Clerk, and City Attorney have reviewed the report and concur with the recommendations. City staff was extremely cooperative while completing this audit and we would like to extend our thanks for the assistance provided.

If you need additional information or have any questions, please contact me at 480-312-7756.

Respectfully submitted,

Cheryl Barcala, CPA, CIA, CFE, CGFM, CISA, CISSP
City Auditor

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EXECUTIVE SUMMARY

An audit of the City's compliance with state records retention requirements was included on the Audit Plan for 2002/2003. The work was undertaken with two objectives:

1. To provide assurance that the City is complying with statutory requirements.
2. To verify that sufficient management controls are in place.

Records provide historical context. They document the day-to-day activities of City staff, recount actions taken on behalf of citizens, evidence legally binding agreements, and provide justification for expenditures made with taxpayer funds. In essence, records are the memory of the City. As such, prudent business practice would require reasonable care to ensure that adequate documentation is created, preserved for the length of time needed, and then destroyed when no longer needed to avoid storage costs. For the City, Arizona Revised Statute, §41-1346, directs this requirement.

Statutory provisions place the responsibility for an active, ongoing records management program with the City Manager. This requirement is in alignment with the Charter of the City of Scottsdale; the City Manager is the head of the administrative branch of city government. Management of records is an administrative action and, in reality, the departments that report to the City Manager generate the majority of activity that needs to be documented.

Our work, though, found that the City does not have a records management program. No area has been charged with the responsibility of overseeing the management of records and no individual has been appointed as the City's Records Manager. There is no Administrative Regulation (AR) setting out citywide policy. Procedures, on a citywide basis, are non-existent. Records inventories are not undertaken, the majority of work areas do not have current, approved retention schedules, and records no longer needed are either destroyed without documentation or held beyond the end of their useful life. And, finally, no area serves to monitor compliance. As a result, the City is not in compliance with state laws governing the retention, preservation, and disposition of public records.

Historically, the City Clerk has acted as the City's Records Manager. The previous City Clerk¹ served as the liaison with the Arizona State Library, Archives, and Public Records (State Library). She reviewed records retention and disposition schedules submitted by City staff and forwarded documents to

¹ The current City Clerk still serves as the liaison and will continue this role until a decision is reached as to the placement of program responsibility.

the State Library. The Office of the City Clerk kept a Records Manual that compiled the schedules that had been prepared by the various work units. Staff would respond to department inquiries regarding records retention requirements and served as the contract administrator for the vendor who provided off-site records storage, microfilming, and destruction services. The role of the Office of the City Clerk was, in effect, that of a facilitator as opposed to an enforcer.

Based on what we found, this arrangement was ineffective. Of the various work areas of the City, only 22 retention and disposition schedules were prepared and filed with the State Library. Of these, many were out of date. In fact, one set of schedules dated back to 1984. In other situations, schedules reflected departments or divisions that were no longer in existence.

Departments with schedules more than two years old included:

- The City Prosecutor (a division of the City Attorney's Office) - 1999.
- The Police Department - 1997.
- The City Manager's Office, Legislative, and Community Services - 1996.
- Communication and Public Affairs (CAPA), Intergovernmental Relations, and Transportation - 1995.
- Field Operations (the predecessor of Municipal Services) - 1984.

The following departments did not have schedules on file at the State Library or with the City Clerk's Office.

- | | |
|-----------------------------------|----------------------|
| • Citizen & Neighborhood Services | • Municipal Services |
| • City Court | • Preservation |
| • Economic Vitality | • WestWorld |
| • Information Systems | |

For the Financial Services Department, only one division had schedules on file. Schedules were not available for Purchasing, Risk Management, Accounting, Budget, and the Financial Services Administrative Division. Within the Transportation Department, a records retention schedule has yet to be developed for the Airport even though there is a significant amount of administrative paperwork associated with the management of this facility.

Of 36 work units interviewed, only 6 had departmental policies regarding records retention and disposition. Of 11 work units reporting the completion of Report/Certificate of Records Destruction, only 6 areas filed the reports with the

State Library. Of these, only 2 submitted reports for both 2001 and 2002, the two complete years included in the scope of this audit. This means that staff in the remaining areas:

- Was unaware of the requirement to document the destruction of records.
- Was aware but ignored requirements.
- Had not destroyed any documents within at least the last three years.

In fact, many interviewees reported that the practice has been to retain documents on a quasi-permanent basis regardless of whether or not a retention period had been set. We could not quantify the full extent of this practice due to the lack of schedules identifying record series and retention periods.

We conducted an analysis of records stored off-site. Of the approximate 8,000 boxes stored off-site, we estimate that 67 percent do not list a date of destruction. Of those boxes with destruction dates, we estimate that 20 percent currently exceed the date set. While there may be legitimate reasons such as a lawsuit or audit that would require retention beyond the date set for destruction, there was nothing that would allow us to conclude that this was the case with these records. If there is no reason to retain the documents, the City is incurring the cost of storage for documents that are no longer needed.

Examples of documents currently in storage include:

- Budget books dating back to fiscal year 1970/71.
- Utility billing records dating back to 1989.²
- Water Resource records dating back to 1990.

To ensure that an active, ongoing, effective records management program is implemented, the City Council needs to set out, by ordinance, the responsibility for the management of records. This report is written with the belief that the responsibility should rest with the City Manager. Others may argue that it should fall under the direction of the City Clerk, the area traditionally responsible for maintaining records associated with actions taken by the City Council. In some jurisdictions, this may make sense because the City Clerk is, in effect, part of the administrative branch.

In Scottsdale, this alignment does not exist. The Office of the City Clerk, chartered with the responsibility to give notice of Council meetings and keep records of Council proceedings, has no authority to promulgate administrative

² Customer Service reported that a lawsuit required that these documents be kept. We did not determine if this lawsuit was ongoing.

rules and regulations. Without authority, the City Clerk cannot compel adherence.

Ultimately, it will fall to the Council to determine where this responsibility rests. If the responsibility is set with the City Clerk, to avoid a repeat of past history, the enabling ordinance should clearly compel staff to comply. And, regardless of where responsibility is set, it should clearly outline the requirement for the appointment of a Records Manager/Archivist and set minimum qualifications for this position.

Sufficient resources will also need to be available. The City Clerk is currently drafting a City Records Manual, a good start towards the development of policies and procedures, but an AR, approved by the City Manager, will need to be developed and distributed. To provide consistency in the handling of administrative records, citywide retention schedules need to be created. As well, a citywide standard for the retention of e-mail and voice messages will need to be crafted, and a process to purge non-record e-mail and voice messages will need to be developed.

At the departmental level, resources will need to be directed toward the development of departmental directives (specific policies and procedures to address the nuances of functional areas). Each area within the City will need to undergo a full inventory of records in order to create reasonable records retention and disposition schedules. Departmental records custodians will need training and assistance when questions arise. Efforts will need to be made to review the boxes currently in storage and determine appropriate retention periods.

Permanent records will need to be inspected to determine if deterioration has occurred. For those documents not currently produced on archival media, steps will need to be taken to reproduce the documents on the most appropriate media. And, efforts will need to be made to locate permanent records that have been lost or misplaced.

Finally, staff will need to develop and implement appropriate policies and procedures for the Community Facilities Districts and the Industrial Development Authority.³ The Attorney's Office will need to research whether or not it would be appropriate to insert records management clauses into contracts with groups such as the Scottsdale Cultural Council that receive a significant amount of funding from the City.

³ Community Facility Districts are separate political subdivisions in which the City Council serves as the Board of Directors; the Industrial Development Authority is a separate entity set up by the City and, as such, would be required to adhere to state records requirements.

The City will benefit from the efforts undertaken to implement an effective, efficient records management program. Staff will know what records need to be retained and an efficient process will provide assurance that all appropriate records are available should an inquiry be made. An effective program would eliminate the need to retain duplicative records "just in case" because staff would have assurance that the correct document would be available when needed.

Goals, objectives, and performance measures could be set and centralized. Oversight of equipment, off-site storage, and document management systems would result in more efficient handling of records. Cost savings are possible by targeting paper intensive departments for the implementation of more effective records management systems, reducing the use of microfilming by implementing citywide imaging systems, and eliminating documents that are no longer needed. In addition to hard dollar savings, soft dollar savings could be achieved if staff could locate the right document at the right time by eliminating the need to search through voluminous paper files.

With the creation of a records management program comes the opportunity to create an archival program to provide assurance that permanent records and other historical items are preserved. Currently, there is no centralized archive, no index of historical items, no periodic inventory to ensure ongoing existence, and no City standard for the care and custody of these items. Instead, permanent and historical records are scattered throughout the organization with the ultimate responsibility falling to the department or division that has custody of the items. These records are at risk due to deterioration, loss, or accidental destruction without appropriate oversight.

Finally, the creation of an adequate records management program provides the City with the opportunity to centralize responsibility for the care and custody of essential records; documents that will be needed should a disaster create a situation in which City facilities are not operational. Currently, there is no assurance that all appropriate records are reproduced and stored off-site in a manner that would allow the records to be accessed if needed.

At the conclusion of the audit, the Office of the City Manager, the Office of the City Attorney, and the Office of the City Clerk were provided a copy of the report for review and comment. The complete text of responses is reproduced in Appendix A. The Action Plan follows and sets out the actions that have been taken or planned.

ACTION PLAN

No.	Recommendations and Management Response
	The City Manager should:
1.	Direct the development of an ordinance, for Council review and approval, setting out the expectation for appropriate records management within the City, the area responsible for the implementation of an active, continuing records management program, and the qualifications for the individual appointed the Records Manager.
	<p>The City Manager agrees in part with Recommendation 1 and will present an ordinance to the City Council setting out the expectation for appropriate records management within the City and will recommend designating the City Clerk's Office as the area responsible for the implementation of an active, continuing records management program. The City Manager does not agree that the qualifications of the records manager should be set forth in the ordinance; the City Clerk should have the flexibility to set forth and change the qualifications as needed.</p> <p>Responsible Party: City Manager and City Clerk Completed By: 04/30/04</p>
2.	Ensure that an active, effective, and efficient records management program is developed and implemented.
	<ul style="list-style-type: none"> Designate a Records Manager and charge the individual with the responsibility of developing a records management program. <p>The City Manager agrees in part with Recommendation 2, Item 1. The City Clerk, appointed by ordinance to oversee the citywide records management program, will designate a Records Manager. The Records Manager will be responsible for developing, implementing, and managing the citywide records management program.</p> <p>Responsible Party: City Clerk Completed By: 07/31/04</p> <ul style="list-style-type: none"> Designate responsibility for reviewing documents and other items in the possession of the various work units of the City to determine the appropriateness for the classification as "permanent" or "historical." <p>The City Manager agrees with Recommendation 2, Item 2. As a component of the records management program, the Records Manager will assist the departmental records management liaisons in determining the proper designation for documents.</p> <p>Responsible Party: City Clerk, Records Manager, and Records Management Liaisons Completed By: Ongoing</p>

No.	Recommendations and Management Response
	<ul style="list-style-type: none"> Ensure that all records identified as "permanent" or "historical" are evaluated for deterioration, compliance with state requirements for the type of media used to create the document, and then centralized within a City Archive. Records should be indexed so that periodic inventories can be undertaken and policies and procedures regarding access to the materials, loans to other organizations, and appropriate steps to ensure the continuing safeguarding of the items could be developed. <p>The City Manager agrees in part with Recommendation 2, Item 3. The Records Manager will work with the various departments to evaluate records designated as "permanent" or "historical" and determine the most appropriate storage media and location for these documents in accordance with current and best industry practices.</p> <p>Each department will be required to conduct an initial inventory and create Records Retention Schedules as part of the records management program. Through the continuing records management program, the departments will be required to update their records retention schedules on a regular, periodic basis.</p> <p>The City Clerk and Records Manager will develop policies and procedures regarding access, loans, and the continued safekeeping of permanent and historic records. These policies will be incorporated into the City's Records Management Manual and submitted to the City Manager for final approval prior to implementation.</p> <p>Responsible Party: City Clerk and Records Manager Completed By: 06/30/05-Ongoing</p> <ul style="list-style-type: none"> Address classification of documents and the means to identify work products (i.e., drafts), final reports, and copies. Procedures should require, at a minimum, placement of a header to identify the nature of the document and page numbers so that an entire document can be identified. <p>The City Manager agrees with Recommendation 2, Item 4. The City Clerk and the Records Manager will develop standards to address the classification, identification, and general formatting of documents, including the placement of a header identifying the nature of the document and page numbers. These requirements will be incorporated into the City's Records Management Manual and submitted to the City Manager for final approval prior to implementation.</p> <p>Responsible Party: City Clerk and Records Manager Completed By: 12/31/04</p>

No.	Recommendations and Management Response
	<ul style="list-style-type: none"> Address the retention of e-mail and voice messages to ensure that all e-mail and computerized voice messages designated as a record are retained with all appropriate elements and those items not considered a record are deleted systematically according to a pre-determined timeframe. <p>The City Manager agrees with Recommendation 2, Item 5. The Records Manager will work with the General Manager, Information Systems, to develop a schedule for the retention and destruction of e-mail and voice messages not designated as records. Instructions for the appropriate method of retention and destruction of e-mail and voice messages that are designated as records will be developed and incorporated into the Records Management Manual and submitted to the City Manager for final approval prior to implementation.</p> <p>Responsible Party: City Clerk, General Manager, Information Systems, and Records Manager Completed By: 12/31/04</p>
3.	<p>Direct the development of a citywide Administrative Regulation setting the expectations for City staff to create, maintain, and preserve appropriate records to document the activities of the City. The Administrative Regulation should clearly outline the responsibility of each program manager to adhere to rules and regulations set by the City's Records Manager.</p>
	<p>The City Manager agrees with Recommendation 3. The City Manager will authorize an Administrative Regulation outlining the expectations for City staff in regard to the creation, maintenance, and preservation of City records. The Administrative Regulation will state clearly the expectation of each program manager to follow the records management rules and regulations developed by the City Clerk's Office and approved by the City Manager.</p> <p>Responsible Party: City Manager and City Clerk Completed By: 12/31/04</p>
4.	<p>Develop a system by which departments can be held accountable for adherence to the established records management program.</p>
	<p>The City Manager agrees with the intent of Recommendation 4; however, does not agree that a separate system of accountability needs to be developed. The method by which departments are held accountable for adhering to the established records management program will be the same as any other City rule, regulation, policy, or procedure.</p> <p>Responsible Party: N/A Completed By: N/A</p>

No.	Recommendations and Management Response
5.	<p>Direct the General Manager, Information Systems, to develop and implement a procedure that routinely deletes e-mail and voice messages according to the retention period set by policy. Staff should be instructed that messages left on the City e-mail server beyond the set retention period will be considered non-record documents and deleted when the retention period expires.</p>
	<p>The City Manager agrees in part with Recommendation 5. The City Manager will direct the General Manager, Information Systems, to investigate methods for routinely deleting e-mail and voice mail messages according to the Records Retention Schedule. The General Manager, Information Systems, will make recommendations to the City Manager based on the results of that investigation. Solutions will be implemented based on available resources and funding.</p> <p>The City Records Manager, not Information Systems, will provide instruction as to the proper maintenance of e-mail and voice mail messages as records through policy and procedures set forth in the Records Management Manual.</p> <p>The Records Manager will also be responsible for communicating the intent to destroy e-mail and voice mail messages not set aside as records in the manner prescribed in the Records Management Manual.</p> <p>Responsible Party: General Manager, Information Systems, City Clerk, and Records Manager Completed By: 06/30/05 & Ongoing</p>
6.	<p>Initiate a study to determine if cost savings are available by eliminating the microfilming of short-term documents and using imaging when appropriate. For those areas currently microfilming or imaging documents without approval of the State Library, steps should be taken to obtain approval.</p>
	<p>The City Manager agrees in part with Recommendation 6. As part of the Records Management Program, and with the cooperation and participation of the departments that routinely microfilm documents, a study will be initiated to determine the efficiency of current microfilming practices. Recommendations will be made to the City Manager based on the results of that study. As part of the City Records Program, the City Records Manager will ensure proper approval of microfilm and imaging programs.</p> <p>Responsible Party: City Clerk and Records Manager Completed By: 06/30/05</p>

No.	Recommendations and Management Response
7.	Instruct the General Manager, Financial Services, to submit historical copies of the CAFR, Report on Internal Controls, Management Letter, and Response to the Clerk's Office to be held on a permanent basis.
	<p>The City Manager agrees with Recommendation 7 to instruct the General Manager, Financial Services, to submit historic copies of the Comprehensive Annual Financial Report (CAFR), Report on Internal Controls, Management Letter, and Response to the Clerk's Office to be held on a permanent basis.</p> <p>Responsible Party: City Manager and Financial Services General Manager Completed By: 02/29/04</p>
8.	Instruct staff to cease the practice of distributing documents, related to Council Action Items, directly to Council prior to or during a public meeting. These documents should be delivered to the City Clerk for copying and distribution so that a record copy may be retained within the Clerk's files.
	<p>The City Manager agrees with Recommendation 8. City staff will be directed to deliver all documents intended for the City Council's review, which pertain to Council Action Items currently being considered, to the City Clerk for copying and distribution so that a record copy may be retained within the Clerk's files.</p> <p>Responsible Party: City Manager Completed By: 03/31/04</p>
	The City Attorney in consultation with the City Clerk should:
1.	Direct the development of a citywide standard regarding the construction of contracts, the numbering scheme to be used, the page numbering standards to be followed, and appropriate revision control. The standard should preclude the submission of more than one "true and final" document for signature.
	<p>The City Attorney and City Clerk agree in part with Recommendation 1. The City Attorney will work with the City Clerk to determine the standards to be used for proper construction, page numbering, and version control of all contracts to ensure completeness of each document, as well as its authenticity. Those standards will be set forth in a departmental policy and included in the City Records Management Manual to be followed by all City staff and enforced by the City Clerk. Recognizing that some state and local government agencies require a signed original contract, the policy will preclude the submission for signature of more than one "true and final" document <u>per party</u> to the agreement. The City Clerk will retain one signed original on behalf of the City and mark it in such a manner as to designate it as the City's "true and final" version.</p> <p>Responsible Party: City Attorney and City Clerk Completed By: 12/31/04</p>

No.	Recommendations and Management Response
	The City Clerk should:
1.	Direct the development of a departmental policy prohibiting the placement of the City Clerk's signature on more than one copy of a contract to ensure that there is a "true and correct" original document. Procedures should require the placement of the contract number and date signed on each page of the contract to ensure that the complete document can be identified.
	<p>The City Clerk agrees in part with Recommendation 1. As stated above, the City Attorney, in consultation with the City Clerk, will develop a departmental policy that provides for the creation of only one original contract <u>per party</u> to the agreement. The policy will also set forth the standards to be used for proper construction, page numbering, and version control of all contracts to ensure completeness of each document, as well as its authenticity. The requirement to place the contract number and date signed on each page of the contract will be a part of those standards. The City Clerk will incorporate the policy into the City Records Management Manual and implement procedures to ensure compliance.</p> <p>Responsible Party: City Clerk and City Attorney Completed By: 12/31/04</p>

BACKGROUND

Arizona has an "Open Records Law" that requires public records and other matters to be open to inspection by any person at all times during office hours. The Charter of the City of Scottsdale also addresses access to records.

All records and accounts of every office, department or agency of the city shall be open for inspection by any citizen, any representative of a citizen's organization, or any representative of the press at all reasonable times and under reasonable regulations established by the city council, except records and documents the disclosure of which would tend to defeat the lawful purpose which they are intended to accomplish.

SOURCE: Charter of the City of Scottsdale, Article 13, "General Provisions," Section 1, *Publicity of Records*.

To ensure that adequate records are created, there are statutory provisions setting out the requirement for the maintenance of all records.

All officers and public bodies shall maintain all records, including records as defined in §41-1350, reasonably necessary or appropriate to maintain an accurate knowledge of their official activities and of any of their activities which are supported by funds from the state or political subdivision.

Each public body shall be responsible for the preservation, maintenance, and care of that body's public records and each officer shall be responsible for the preservation, maintenance, and care of that officer's public records. It shall be the duty of each such body to carefully secure, protect, and preserve public records from deterioration, mutilation, loss, or destruction, unless disposed of pursuant to §41-1347 and §41-1351.

SOURCE: Arizona Revised Statutes, §39-121-01.

This requirement applies to a wide range of individuals as well as a wide group of public bodies. The following definitions outline the latitude in which the requirement extends.

Officer: *Any person elected or appointed to hold any elective or appointive office of any public body and any chief administrative officer, head, director, superintendent, or chairman of any public body.*

Public Body: *The state, any county, city, town, school district, political subdivision, or tax-supported district in the state, any branch, department, board, bureau, commission, council, or committee of the foregoing, and any public organization or agency, supported in whole or in part by funds from the state or any political subdivision of the state or expending funds provided by the state or any political subdivision of the state.*

SOURCE: Arizona Revised Statutes, §39-121-01.

Using these definitions as guidance, the Mayor and each Council member, and every chairman of a Council appointed Board, Commission, and Committee is required, by law, to maintain accurate records. As well, every Charter Officer, General Manager, Director, and Administrator for each department of the City must comply.

The requirement extends to every political subdivision established by the City. This would include each Community Facility District and any other special taxing district and the Industrial Development Authority.⁴ Public organizations, supported in whole or in part by public funds, and those that expend public funds are included. This would seem to cover entities such as the Scottsdale Cultural Council and the Scottsdale Convention and Visitors Bureau. Even the Chamber of Commerce might be included if it receives grants from the City.

Responsibility for the Preservation, Maintenance, and Care of Public Records

Provisions have been incorporated statutorily to provide the structure for the care and custody of records. The responsibility to "make and maintain" records is set out in Arizona Revised Statutes (ARS), §41-1346. This statute requires the creation of documentation sufficient to protect the rights of the State and persons directly affected by the City's activities. Under this same statute, the City Council (as the governing body) is mandated to support the need for a sufficient records management program.

<i>The governing body of each county, city, town, or other political subdivision shall promote the principles of efficient record management for local public records. Such governing body shall, as far as practicable, follow the program established for the management of state records.</i>
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SOURCE: Arizona Revised Statutes, §41-1346.

ARS, §41-1346, requires the City Manager (as the head of the local agency) to establish and maintain an active, continuing program for the economical and efficient management of public records of the agency. To provide assurance that these activities are carried out, an individual, at a sufficient level of management, must be designated to manage the records management program.

⁴ The Industrial Development Authority was incorporated in 1984 to issue tax-exempt bonds for certain private developments within the City limits.

Not All Documents are Records; Not All Records are Documents

State statute defines a record as:

All books, papers, maps, photographs, or other documentary materials, regardless of physical form or characteristics... made or received by any governmental agency in pursuance of law or in connection with the transaction of public business and preserved or appropriate for preservation by the agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the government, or because of the informational and historical value of the data contained therein.⁵

SOURCE: Arizona Revised Statutes, §41-1350.

In effect, then, a record is any item:

- Made or received in connection with the transaction of business and necessary to provide evidence of the functions, policies, decisions, procedures, operations, or activities of the City.
- With historical or informational value.

Minutes of council meetings, ordinances, resolutions, contracts, and budgets would be considered records. As well, calendars, insurance files, annexation files, building permits, equipment/vehicle history files, billing and collection files, employee benefit files, tuition assistance records, employee personnel files, and zoning case files would be included. Even phone messages and e-mail correspondence would be records if information within the message provided evidence of decisions, actions, or activities of the City.

Not all documents need to be retained. There is no requirement, for example, to keep copies of a memo or report; only the original must be maintained.⁶ Similarly, drafts created while in the process of developing a final report do not need to be kept. ARS specifically excludes:

Library or museum material made or acquired solely for reference or exhibition purposes, extra copies of documents preserved only for convenience or reference, and stocks of publications or documents intended for sale or distribution to interested persons.

SOURCE: Arizona Revised Statutes, §41-1350.

Non-records would include reading file copies, tickler, follow-up, or suspense copies of correspondence, identical duplicate copies of all documents maintained in the same file, routing slips, catalogs, trade journals, and transmittal sheets.

⁵ This definition mirrors the federal government definition, which is found at 44 United States Code.

⁶ There are certain instances, which may require the retention of a copy of an original.

Not all records must be preserved for the same length of time. Transitory materials such as informational bulletins need only to be held for a minimal amount of time (three months recommended), appointment calendars are considered to have a little more value with a recommended retention of a year. Some records such as organizational charts, administrative orders, directives, and policies are permanent records and must be preserved in perpetuity.

Records Management Defined

According to ARS, records management is the creation and implementation of systematic controls for records and information activities from the point of creation through final disposition or archival retention. The United States Code (USC) defines records management as:

The planning, controlling, directing, organizing, training, promoting, and other managerial activities involved with respect to records creation, records maintenance and use, and records disposition in order to achieve adequate and proper documentation of the policies and transactions of the Federal government and effective and economical management of agency operations.

SOURCE: 44 USC, Section 2901.

To provide context, the USC defines records creation as the production or reproduction of a record. Records disposition is defined as the destruction of temporary records and the transfer of permanent records to central storage. Records maintenance and use is defined as any activity involving location, storage, retrieval, and handling of records.

Benefits of Records Management

Records created by City employees in conducting official business serve to preserve historical information about transactions of the City. Documents such as contracts, ordinances, and resolutions provide information about legally binding decisions and provide context for future generations. Retention of this information serves to provide assurance to citizens that the City is accountable for actions taken. If there is no historical record, it is difficult to foster a sense of open, responsive, accountable government.

According to the International Institute of Municipal Clerks (IIMC), the objective of records management is to:

Provide the right information at the right place at the right time to the right person efficiently at the lowest possible cost.

SOURCE: IIMC Records Management Technical Bulletin No. 1, "Starting a Records Management Program."

This can be achieved because an efficient program enables a user to locate the appropriate document when it is needed, reduces the volume of records stored by destroying documents that are not needed, and reduces liability by keeping records according to an authorized retention schedule. Other benefits include:

- Reduced cost by improved storage and retrieval systems.
- Increased efficiency through reduction in retrieval time.
- Improved customer relations through easier access to documentation.
- Improved accountability through the retention of appropriate documentation.

Statistics compiled by Coopers and Lybrand and the Association of Records Managers and Administrators (ARMA) can be used to highlight the cost savings that can be achieved with an efficient records management program. The 1998 Coopers and Lybrand study estimated that it costs \$20 to file a document and \$1.50 each time the document is retrieved. The study estimated that the average office loses 1 out of every 20 documents created. This loss adds approximately \$370 in additional costs associated with the search for the original document and the time needed to recreate it. According to a study completed by the General Services Administration in 1985, an organization unable to locate an average of 3 records per day could spend over \$85,000 per year.⁷ Finally, ARMA estimates that, of every dollar spent to handle records, 65 cents is wasted.

Elements of an Effective Records Management Program

The IIMC, in collaboration with the National Association of Government Archives and Records Administrators (NAGARA), identified the following as the elements of an effective records management program.⁸

- Policies and procedures outlining the management of records and information and implementation of appropriate filing and indexing systems and tools.
- Records inventories and the creation and adherence to retention schedules.
- Identification and use of appropriate technology to create, store, and retrieve materials.
- Storage of inactive materials in a cost-effective and secure location combined with processes to destroy obsolete records in a timely and systematic manner and procedures to document the destruction.
- Identification and preservation of essential records and archival records.
- Development of a disaster preparedness plan sufficient to result in the recovery of records in the event of a disaster.

⁷ Records Management Manual for Arizona Municipalities.

⁸ "Starting a Records Management Program," IIMC Records Management Technical Bulletin No. 1, January 2000.

The Role of the Department of the State Library, Archives, and Public Records

According to ARS, §41-1339, the materials kept at the State Library constitute the state archives. The State Library serves as the central depository of all official books, records, and documents not in current use by the various state officers and departments of the state, the counties, and incorporated cities and towns. Any county, municipal, or other public official may retain records or submit items not in current use to the State Library for permanent preservation.

The Director of the State Library is responsible for the preservation and management of records. Duties include:

1. Establishing standards, procedures, and techniques for effective management of records.
2. Making surveys of record keeping operations and recommending improvement in records management practices.
3. Establishing standards and procedures for the preparation of schedules providing for the retention of records of continuing value and for the prompt and orderly disposal of records no longer needed.
4. Establishing criteria for designation of essential records in the following categories:
 - a. Necessary to operate the government in an emergency.
 - b. Necessary to protect the rights and interests of persons or establish and affirm the powers and duties of government in the resumption of operations after a disaster.
5. Reproduction of essential records and proper safekeeping.
6. Obtaining reports and documentation from agencies necessary for the administration of the records management program.
7. Requesting transmittal of the originals of records produced by agencies of the state or its political subdivisions if such records may be of historical or other value.
8. Assisting and advising in the establishment of records management programs in the legislative and judicial branches of the state.
9. Providing assistance, upon request, in the establishment of a local public records management program.

Rules Established by the State Library

The City is required to comply, as set out in ARS, §41-1346, with rules, regulations, standards, and procedures issued by the State Library. The Records Management Division is the area responsible for the creation of these standards and procedures. To provide guidance, the Division has developed several manuals addressing records management and formalized standards for actions such as the preservation of permanent records.

Procedures require:

- Submittal of Records Retention and Disposition Schedule.
- Submittal of Report/Certificate of Records Destruction.
- Prior approval to destroy or transfer a record or record series that is not listed on an approved Records Retention and Disposition Schedule.
- Prior approval of any project that will result in the microfilming or electronic imaging of records.
- Adherence to standards developed for the care and custody of permanent records.

Records Retention and Disposition Schedules

To facilitate compliance with statutory provisions that require submittal of schedules proposing the length of time each record series warrants retention, the Records Management Division created a form titled the "Records Retention and Disposition Schedule." For ease of implementation, the Records Management Division developed model schedules. A municipality can choose to use the models, develop customized schedules, or use any combination that might be appropriate.

Regardless of whether or not the organization selects to use the model schedules or develop custom versions, schedules must be submitted to the Records Management Division. To be considered a valid schedule, the individual responsible for the area listed on the schedule must sign off to signify agreement with the record series listed and the retention period selected.

When the Records Management Division receives a schedule, the document is reviewed and approved, if appropriate. The State Library retains the original and a copy is returned to the submitting municipality. The approved schedule serves to set the finite retention period for the documents listed and no other approval is required to remove the record to off-site storage or destroy it. The form on the next page is an example of a model schedule developed by the State Library.

RECORDS RETENTION AND DISPOSITION SCHEDULE

PAGE 1 of 3

ALL ARIZONA MUNICIPALITIES		Function: All – Office Administration				
Pursuant to ARS §41-1351, the following retention periods represent the maximum time records may be kept. Unless records relate to pending or current litigation, or are necessary for an audit, keeping records beyond their retention period is illegal. If you believe that special circumstances warrant the extension of any of these retention periods that records should be kept longer than the period listed below or that any of these record series may be appropriate for transfer to the Archives, please contact the Records Management Division to inquire about a change to the retention period. Only the Records Management Division has the authority to extend records retention periods.						
No.	RECORD SERIES	R.S. Code	RETENTION (YR.) Off. R.C. Total		REMARKS (Include start point of retention.)	
1	<p>NOTE: "Office Administration" records are those administrative records that may be found in any organizational unit office.</p> <p>General correspondence - not related to a specific case or project:</p> <p>a. Official copy (signed original or a copy of the signed original)</p> <p>b. Final draft maintained in a computer system on hard disk, floppy disk or server (non-record copy retained for convenience)</p> <p>c. Earlier drafts (paper or electronic form)</p> <p>d. Other copies (paper or electronic form) retained for convenience</p> <p>NOTE: General Correspondence covers a very wide variety of subjects from a wide variety of authors. Some of these materials may have long term or historical value. Contact History and Archives Division if you wish a professional archival appraisal of any of these documents.</p>		-	-	2	After created or received
			-	-	3mo	After official copy created
			-	-	-	After superseded
			-	-	3mo	Or after informational value is served, whichever is sooner
2	<p>E-mail:</p> <p>a. Records* (including sender and receiver identification, time and date sent and received, and complete message) preserved and retained on a PC or on a server</p> <p>b. Records* (including sender and receiver identification, time and date sent and received, and complete message) printed to paper and preserved and retained in that form</p>		-	-	-	Retain for the same length of time as required for other forms of the record
			-	-	-	Retain for the same length of time as required for the record series
<p>Supersedes Schedule Dated: September 15, 1999</p>						
<p>Approved by: X GladysAnn Wells Director, Arizona State Library, Archives and Public Records</p>					<p>Approval Date: October 10, 2001</p>	

May 2002

Retention and disposition schedules are usually developed along organizational lines, but it is appropriate to develop a set of citywide schedules for administrative records (i.e., records that do not relate to the actual fulfillment of the objective of a department or division). These schedules generally address office administration, departmental management, and departmental financial activity. Examples of record series within this classification include:

- Agency policies and directives.
- Financial documents such as copies of purchase requisitions.
- Budget request working papers.
- Grant files.
- Minutes of decision-making committees.
- Departmental copies of time sheets.
- Expense accounting records.
- General correspondence not related to a specific case or project.
- Appointment calendars.
- Progress/activity reports.

Specific schedules are then created for functions in which a department or division is chartered to perform. Records listed are unique to the particular department or division. Examples of these record series include:

- | | |
|------------------------------|-----------------------------------|
| • Attorney case files | • Parking violations |
| • Building permits | • Accident prevention programs |
| • Certificates of occupancy | • Water and sewer billing records |
| • Ordinances and resolutions | • Water treatment reports |

The first step in the development of retention schedules is an inventory of the record series created in support of the functions of the agency or department.

Record Series – *a group of records that are filed together and treated as a unit for records management purposes. The series may be several separate folders but all the information is treated as a record series. For example, "personnel files" is a record series but there are individual files for each employee.*

After inventory, the records are reviewed to determine need. Need is based on statutory or regulatory requirements, audit requirements, or practical need or value. Practical value is determined by:

- Administrative value – records that help an agency perform its current work.
- Essential value – records that provide evidence of the agency's organizational structure and functions.
- Informational value -- based on the information contained within the record.

When the review is complete, a records retention schedule is prepared to set out how long the record series should be kept on-site (treated as an active record) and how long the series should be kept off-site (treated as an inactive record). The combined total of time kept as an active record and as an inactive record represents the retention period.

Because the work environment constantly changes and there are revisions to public laws, regulations, and requirements, the Records Management Division sets out an expectation that retention and disposition schedules be reviewed at least every two years.

Reporting the Destruction of Records

Once a record reaches the end of the retention period, the City is legally obligated to destroy the record unless circumstances (i.e., an audit or a legal matter) require keeping the record longer. It is a felony⁹ to destroy a record without legal authority and only the State Library can grant this authority. An approved Records Retention and Disposition Schedule provides ongoing authority to destroy records listed on the schedule according to the timeframe set. If the record or record series is not listed, there is no approval granted.

Destruction of records is not an action that can be ignored. A retention period, once set, is a binding decision and records cannot be retained beyond the period granted. Only the Records Management Division at the State Library has the authority to extend records retention periods.

State law mandates the creation of a list of records destroyed. The list is to be maintained by the department or agency creating the record and a copy is to be filed with the State Library. To facilitate this documentation, the Records Management Division has created a standard form to be used when records are destroyed. The form on the next page is an example of this document.

⁹ Class 4 if a public officer; Class 6 for any other person.



AUTHORITY

Date of approved
schedule or manual

<input type="checkbox"/> STATE AGENCY	<input type="checkbox"/> POLITICAL SUBDIVISION		DATE
AGENCY NAME	ORGANIZATIONAL UNIT		PHONE
ADDRESS	CITY	AZ	ZIP

LIST RECORDS DESTROYED

RECORD SERIES	DATES COVERED		ESTIMATED VOLUME *
	FROM	THRU	

CERTIFICATE

The above records have been destroyed so as to render them totally useless.

DESTROYED BY (NAME)	TITLE	
SIGNATURE X		DATE

** Volume of paper records is estimated in cubic feet to the nearest whole number. Volume of digital records may be stated by the estimated memory volume it consumed.*

Permanent Records

Public records required by law to be permanent or those records determined by the State Library to be of archival or historical value must be preserved. To be considered a "permanent record," the document must be considered so valuable or unique in documenting the history of any agency that they are preserved forever. These documents must be kept according to standards, set by the State Library, to ensure that the records would have an expected life of 500 years or more. Media appropriate for permanent records retention includes:

- Conventional silver halide microfilm.
- Paper with a fiber content of cotton, linen, fully bleached wood pulp, or a combination thereof with a ph of 7.5 to 9.5, a minimum of 2 percent by weight of calcium or magnesium carbonate and other requirements.

Once the document is created or reproduced on media suitable for permanent retention, certain standards must be followed for the storage, care, and periodic verification of the ongoing existence of the documents. Standards include:

- Storing microfilm in unpainted plated metal cans or peroxide free plastic boxes, one roll per container.
- Storing paper in file folders and document boxes that meet the same standards for permanent paper.
- Maintaining a stable environment with minimal fluctuation in temperature and humidity.
- Maintaining an environment free of rodents, insects, and active fungi.
- Maintaining an environment safe from fire, steam, and water resources.
- Conducting an annual inspection of at least 1 percent of records to look for water damage, infestation by insects, and discoloration or brittleness.

Essential Records

The Director of the State Library is required to establish criteria for the designation of essential records necessary in an emergency. Records that are "essential" need to be kept in a manner that allows the information to be available if the primary location of the document is destroyed or unavailable. This means that the documents are reproduced and kept in a separate storage facility. This is known as creating a "back up." Essential records are those that:

- Contain information necessary for the government to operate in the event of a disaster.
- Contain information necessary to protect the rights and interests of persons or to establish or reaffirm the powers and duties of the government in the resumption of operations after a disaster.

The City is required, under ARS, §41-1346, to submit a list of essential records to the State Library.

Electronic Media

Arizona has an Electronic Records Act (§44-7001, *et seq.*) that sets out the statutory requirements for the conduct of business using electronically generated documents. For governmental records, each agency is required to determine if, and the extent to which, electronic records will be used.

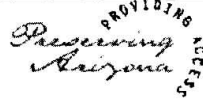
Electronic records are referred to as "machine readable" media and consist of documents, databases, and data files created and manipulated by computer applications. When setting up records retention schedules for electronic records, information should include the name of the system used to generate the record, the hardware necessary to operate the system, the operating system used, the application software, the purging criteria, and reports or other internal documents created as output from the system.

The Electronic Records Act specifically requires any records created in an electronic/digital environment be managed pursuant to Arizona's government records statutes. These standards are currently under development.

Use of Micrographics

State law requires the prior approval, by the State Library, before the implementation of any program that will result in the production or reproduction of records through the use of photography or any other method of reproduction on film or electronic media. This process provides an independent review of the method of production or reproduction, the equipment to be used, and the storage of the records to ensure that the proposed process meets the intent of statutory provisions for the care and custody of public records. Approval is not granted in perpetuity. Once given, the approval expires in five years and the process must be re-initiated to obtain approval again. This process ensures a periodic review of the technology used to ensure continued applicability. The form on the next page shows the information that must be submitted to obtain approval.

REQUEST FOR DOCUMENT IMAGING IMPLEMENTATION



Arizona State Library, Archives and Public Records
RECORDS MANAGEMENT DIVISION
1919 West Jefferson Street, Phoenix, Arizona 85009
Phone: 602-542-3741 • Fax: 602-542-3890 • E-mail: rmd@lib.az.us

Authorized pursuant to A.R.S. §41-1348 (Violation of this statute is a misdemeanor crime.)		New req. <input type="checkbox"/>	Revised <input type="checkbox"/>	Date Submitted	
State Agency <input type="checkbox"/>	Political Subdivision	Agency Name			
Org. Unit/Division		Office		Phone	
Address		City		AZ	Zip
Submitted By (Name)		Title	Signature X		
DESCRIPTION OF RECORDS TO BE IMAGED: (Include record series name as it appears on the retention and disposition schedule and list various documents included in the series.)					
Record Series					Retention (yrs.)
MICROFILM/FILM-BASED IMAGING (Briefly describe the filming application in the 'Comments' area of this request.) <input type="checkbox"/>			ELECTRONIC/DIGITAL IMAGING (Complete the balance of this request.) <input checked="" type="checkbox"/>		
STUDIES PERFORMED: <input type="checkbox"/> Feasibility (attach copy)			<input type="checkbox"/> Cost/Benefit (attach copy)		<input type="checkbox"/> P.I.J. (attach copy)
LIST HARDWARE BELOW:			LIST SOFTWARE BELOW:		
MIGRATION/EXIT PLAN FOR LONG TERM RECORDS (Retention of 10 years or more)					
<input type="checkbox"/> Migration/Exit Plan Adopted		<input type="checkbox"/> 5% - 10% System Cost annually Budgeted		<input type="checkbox"/> Vendor Source Code in Escrow	
IMAGING SYSTEM HAS ABILITY TO COMPLETELY PURGE/DESTROY/EXPUNGE OBSOLETE RECORDS (IMAGES).				<input type="checkbox"/> Yes <input type="checkbox"/> No	
OPEN SYSTEM ARCHITECTURE				<input type="checkbox"/> Yes <input type="checkbox"/> No	
NONPROPRIETARY HARDWARE AND SOFTWARE				<input type="checkbox"/> Yes <input type="checkbox"/> No	
IMAGE FORMAT <input type="checkbox"/> TIFF with Std. Headers <input type="checkbox"/> Group 3 <input type="checkbox"/> Group 4 <input type="checkbox"/> Other:					
IMAGE RESOLUTION <input type="checkbox"/> 200 dpi <input type="checkbox"/> 300 dpi <input type="checkbox"/> 400 dpi <input type="checkbox"/> Other: <input type="checkbox"/> Bimodal <input type="checkbox"/> Grayscale					
INDEXING <input type="checkbox"/> O.C.R. <input type="checkbox"/> Manual <input type="checkbox"/> Number of fields:			BACKUP MEDIA:		
COMMENTS:					
Approved by:			Approval Date		
Director, Arizona State Library, Archives and Public Records RMC-2 R04/02			Expires on (Approval date + 5 years)		

E-Mail

In 1993, the U.S. Court of Appeals upheld a prior ruling that e-mail records were federal records under the Federal Records Act. The State Library has interpreted this ruling to mean that e-mail constitutes a public record that is subject to statutory provisions outlined in ARS, §41-1350.

Under the Federal ruling, a printout of an e-mail is not considered to be the same as the original document because it does not contain all the elements created as part of the electronic record (i.e., date of transmission, date of receipt, detailed listing of recipients, linkages between other messages sent, and replies received).

The Government Information Technology Association (GITA) has developed a standard e-mail use policy for state agencies. If an e-mail document or message meets the requirements of the statutory definition of a record, it is a public record that must be maintained. This means that the transmission and receipt data must be retained as part of the record.

The State Library recommends that an appropriate record keeping system for e-mail would have the following requirements:

- Permit easy and timely retrieval.
- Facilitate the distinction between record and non-record materials.
- Retain the records in a usable format until their authorized destruction date.
- Permit the transfer of permanent public records to the State Archives in a media appropriate for permanent preservation.

E-mail records fall under the same requirements for retention and disposition. This means that the record must be listed on a retention schedule, retained according to the set period, and then destroyed. These records cannot be destroyed without proper authority (i.e., submittal of a records retention schedule or a "single request" form submitted if the record is not listed on an approved schedule).

The Records Management Division has established model retention schedules for e-mail. The recommended process will result in the retention of the record, with sender and receiver information, time and date sent and received, and the complete message (including any attachments). The method set for retention can be either computer (PC or server) or paper but, whichever method is selected must ensure that the record will be available for the same length of time required for similar records created in other forms of media. Routine non-record communication can be destroyed after three months or after informational value is served, whichever is sooner.

City Standards for Records Management

City Charter sets responsibility for the maintenance of records related to the Council proceedings with the City Clerk. These duties include keeping a journal of Council proceedings, authenticating, by signature, ordinances and resolutions and recording, in books for this purpose, all ordinances and resolutions. City ordinance requires all ordinances and resolutions adopted by the Council to be kept in large, well-bound, suitable books of record.

There is no ordinance setting out record keeping requirements on a citywide basis and no AR to set out the procedures to be followed when creating records, storing the documents, or destroying records no longer needed. There is, however, an ordinance (Section 2-102) that references a Records Retention Manual which is "adopted by reference as if set out at length." The origination of this Manual can be traced back to 1976 when the Council declared, by resolution, the "City of Scottsdale Records Retention Manual" to be a public document and adopted the Manual by reference.

There is no record of the Manual adopted by the Council in 1976 and no indication that actions were taken by subsequent Councils to approve modified versions of a Records Retention Manual. The City Clerk's Office was able to provide a document titled "Records Management Procedures Manual and Retention Schedule" prepared by the Office of Management Systems and the City Clerk's Office.¹⁰ This document, while not dated, appears to have been assembled in the later part of 1984. Because there is no indication that the City Council approved this version of the Manual, we do not consider this document to be authoritative.

The Manual did, however, create a structure for records management. According to the Manual, the purpose of compiling the information was to:

Create a system for the effective organizational management and eventual disposition or archiving of all City of Scottsdale records.

The manual set responsibility for the Records Management Program with the City Clerk:

The overall coordination, supervision, and management of the City's Records Management Program is the responsibility of the Office of the City Clerk.

¹⁰ In the 1980's, the City Clerk's Office was considered to be part of the Office of Management Systems under the direction of the City Manager who was also the City Clerk.

Duties for the City Clerk's Office, according to the Manual, included:

1. Coordinate and evaluate the total Records Retention and Disposition Program.
2. As needed, provide technical assistance and guidance to City staff involved in records management.
3. Act as liaison with the City Attorney and the Director of Library, Archives, and Public Records and other agencies on matters related to legal guidelines governing public records.
4. Audit the Records Management Program on an ongoing basis to ensure ongoing disposition as set forth in retention and disposition schedules.
5. Revise and update retention and disposition schedules as required by staff and in conformance with legal guidelines.
6. Provide assistance to programs requiring technical advice in the design and implementation of micrographic and file systems to improve records management.

Staff responsibility was also set out in the Manual:

The responsibility for the implementation and maintenance of this records management program is the responsibility of program managers. They shall appoint a records liaison to coordinate program records management with the Office of the City Clerk. Notification of changes in records liaisons is to be reported to that Office.

The Manual addressed steps to be taken to manage City records and defined the role of staff at the program level and the records management staff within the City Clerk's Office. The Manual set out approved retention and disposition schedules for the various programs in effect in 1984.

Storage of Records

City departments use a combination of methods to maintain and retain records. Files are kept on-site, in ancillary City facilities, and with an outside vendor. Currently, no centralized point serves as a clearinghouse to determine if the most appropriate storage method is selected. The Office of the City Clerk manages the off-site storage contract but does not serve an active role in the management of records submitted by departments nor does the Office perform periodic audits to ensure that records are destroyed according to approved schedules. The contract expired in August 2003, and the City is currently in the process of awarding a new contract.

For fiscal year (FY) 2002/2003, the City incurred more than \$128,000 in costs related to the off-site retention, indexing, and microfilming. Of this cost, more than 58 percent was directly attributable to the cost of microfilming and indexing.

FINDINGS

Objective 1:

Determine if the City is in compliance with state records retention requirements.

The City is not in compliance with statutory provisions governing the maintenance, preservation, and disposal of public records.

CRITERIA: Statutory provisions related to the care and custody of public records can be found at ARS, §41-1346 through §41-1351. Specific provisions require:

- The establishment of an active continuing program for the economical and efficient management of public records.
- Creation and maintenance of proper documentation necessary to protect the rights of the state and persons directly affected by the organization.
- Designation of an individual to manage the records management program.
- Compliance with rules, standards, and procedures adopted by the Director of the State Library.
- Promotion, by the governing body, of the principles of efficient records management of local public records.
- Identification of essential records and appropriate procedures to ensure that the records could be recovered in the event of a disaster.
- Protection and preservation of public records.
- Destruction of records only when the State Library has determined that the record serves no administrative, legal, research, or historical value.
- Creation, and retention, of documentation outlining the destruction of records that have no legal, administrative, historical, or other value.
- Approval by the State Library prior to the institution of any program to produce or reproduce records by photography or other method of reproduction on film or electronic media.
- Consultation, on a periodic basis, with the State Library to determine if any public officer has records that need to be preserved.

CONDITION: The City is not in compliance with statutory provisions for records retention and disposition. There is no records management program within the City and a Records Manager has not been designated. While the Office of the City Clerk has served as the liaison between the City and the Records Management Division of the State Library, we could find no documentation to

indicate that the City Clerk was formally charged with the responsibility for the establishment and maintenance of an effective records management program.

Policies, to set the expectation for the creation of appropriate records and the prudent management of those records, do not exist. There is no AR¹¹ setting out the expectation for a citywide records management program and no procedures to outline appropriate records management.

An ongoing training program, to ensure that staff understands the types of records to be maintained, proper storage methods, and steps that must be taken prior to destroying documents, does not exist. No individual or department has been assigned the responsibility to periodically evaluate compliance to provide assurance that records are being appropriately managed.

Retention and disposition schedules have not been developed for all work areas of the City and, in most cases, existing schedules are not adequate. We went to the State Library to verify the existence of schedules and found only 13¹² on file for current City departments. Many were out of date; one set of schedules dated back to 1984. Others reflected departments or divisions that were no longer in existence. Departments with schedules more than two years old included:

- The City Prosecutor (a division of the City Attorney's Office) - 1999.
- The Police Department - 1997.
- The City Manager's Office, Legislative, and Community Services - 1996.
- Communication and Public Affairs (CAPA), Intergovernmental Relations, and Transportation - 1995.
- Field Operations (the predecessor of Municipal Services) - 1984.

Schedules for the following departments were not on file at the State Library or with the City Clerk's Office.

- | | |
|-----------------------------------|----------------------|
| • Citizen & Neighborhood Services | • Municipal Services |
| • City Court | • Preservation |
| • Economic Vitality | • WestWorld |
| • Information Systems | |

For the Financial Services Department, only one division had schedules on file. Schedules were not available for Purchasing, Risk Management, Accounting, Budget, and the Financial Services Administrative Division. Within the

¹¹ According to the Scottsdale City Code, an Administrative Regulation is a written order issued by the City Manager and compiled in a manual.

¹² Because a department may have more than one function, 22 schedules in total were filed.

Transportation Department, a records retention schedule had yet to be prepared for the Airport even though there is a significant amount of administrative paperwork associated with the management of this facility.

We also found that the Report/Certificate of Records Destruction had not been prepared. Of 36 work units interviewed, 25 were either unaware of the requirement to document the destruction of records, had chosen to ignore the requirement, or simply had not destroyed documents within the last three years. And, of the 11 units reporting the completion of the documentation, the State Library only had reports from 6 areas between January 2001 and June 2003. Only 2 departments out of the 6 submitted reports in both 2001 and 2000, the two complete years in the scope of this audit. The other 4 submitted reports in 2001 or 2002 and/or 2003.

This leads us to conclude that documentation, no longer needed, is not being destroyed as required. Many interviewees reported that the practice has been to retain documents on a quasi-permanent basis. We could not quantify the full extent of this practice due to the lack of schedules identifying record series and retention periods. We did, however, obtain lists of documents stored off-site and noted that 67 percent did not list a date of destruction. Examples include:

- Budget books dating back to fiscal year 1970/71.
- Utility billing records dating back to 1989.¹³
- Water Resource records dating back to 1990.

Currently, the City has 2,600 boxes at off-site storage with stated destruction dates. Of these, approximately 500 boxes, or 20 percent, were being retained past the destruction date.¹⁴

As well, the City has not addressed the retention and disposition of e-mail and voice messages and a process to delete non-record files on a systematic basis does not exist. The State Library recommends retaining records of this nature for three months or until the informational value has been served, if sooner.

We also found that the City has not created a schedule of essential records to identify documents that would need to be available in the event of a disaster and those that would be required to restore operations if City facilities were

¹³ Customer Service reported that these records were held for a lawsuit. We did not confirm that the lawsuit was ongoing or if approval had been obtained to hold the records beyond the set retention period (if one had been set).

¹⁴ If the sender includes a destruction date when sending a box to Recall (the offsite storage vendor), then Recall notifies the sender when the destruction date approaches. Recall does not destroy the box unless the sender replies to the notification with written authorization to destroy the contents of the box.

destroyed. More importantly, no individual has been charged with the responsibility of establishing policies and procedures that would govern the development of a list, the process to reproduce the records, and the method of storage to provide assurance that documents would be available when needed. Finally, provisions that require prior approval of any program that will result in the production or reproduction of records by photography or other method of reproduction on film or electronic media are not adhered to. There is no record of a request for approval from Accounting, Fleet, and Planning even though these areas reproduce documents by microfilm, imaging, or other electronic means. The Criminal Division of the Police Department uses microfilm but had not submitted a request for approval as of the start of the audit.¹⁵ Additionally, the Customer Service Division of Financial Services received approval to image a number of different types of documents in 1996 but, because approval is granted for only a five-year period, this approval has now expired.

CAUSE: Lack of organizational knowledge of the state requirements and no citywide records management program. No central oversight of departmental records management activities and no training of staff responsible, at the departmental level, for the management of records.

EFFECT: There is a significant risk that permanent records have been lost or destroyed. For those records still in the possession of the City, there is little assurance that appropriate steps have been taken to ensure the preservation of the record. Preservation of permanent and historical documents hinges on the attitude within the various departments of the City. This inconsistency jeopardizes the history of events within the City as well as creates an environment in which records are judged to be "permanent" without any consideration of the content within the document.

Because records destruction forms have not been prepared, the City does not have historical information about the destruction of records. As a result, there is limited information about the types of records and volume of materials destroyed or the date when the destruction occurred.

Records are retained beyond their useful life which results in the expenditure of funds for off-site storage, results in inefficient space usage thereby requiring additional office space, and creates an environment where additional resources are needed to file documents, search for missing records, or recreate documents when the original cannot be located. More importantly, because there is no consistency throughout the City, there is a risk associated with a non-systematic approach to destroying documents.

¹⁵ Subsequent to the start of fieldwork for this audit, the request was submitted and approved.

The City is not in compliance with Standards for Permanent Records Media and Storage.

CRITERIA: The City is required to comply with standards set by the State Library. For permanent records, this includes:

1. The fiber content shall be cotton or linen, fully bleached wood pulp, or a mixture. The paper shall be free of lignin, unbleached wood pulp, or groundwood.
2. The ph shall be from 7.5 to 9.5.
3. The paper shall contain a minimum of 2 percent, by weight, of calcium or magnesium carbonate, or both as an alkaline reserve.
4. The paper shall be internally and surface sized with a neutral or alkaline agent.
5. Paper weight shall be 16 lbs. (60g/M2), 20 lbs. (75g/M2), 24 lbs. (90g/M2), or 32 lbs. (120g/M2).
6. File folders for storage of permanent records shall conform to the same standards as above, 1 through 4, but shall have a minimum thickness of .010 inches (.254 mm).

In addition, the Standards require:

1. That the Records Custodian file a Certificate of Conformity to permanent records standards at least once annually at the end of the fiscal year.
2. The Records Custodian must conduct a visual inspection of permanent paper records. The inspection must be of a minimum 1 percent random sample representative of all holdings. The sample shall be inspected for water damage, infestation by insects or fungi, and discoloration or brittleness.
3. The storage environment for permanent paper records must be maintained:
 - a. Between 60° F - 75° F, with minimal fluctuation in temperature (not more than 5° F).
 - b. Between 60 percent and 30 percent relative humidity with minimal fluctuations (not more than 6 percent).

CONDITION: There is no AR to set the expectation for proper care and custody of permanent records and no area or individual has been assigned oversight responsibility. Instead of a central repository for permanent records, responsibility is relegated to the department that created or became the possessor of the record, and there is no citywide index or inventory of records. Because there is no requirement for a periodic verification of the ongoing existence of the record, a record could be missing for a long period of time before someone noticed that it was gone.

Permanent records such as ordinances and resolutions have not been created on archival quality paper to protect against discoloration, and there is no assurance that other permanent records are created on appropriate media or converted to media that will withstand aging. Without a citywide effort to identify and test these records, it is difficult to project the volume of documents that have not been properly produced or reproduced to ensure permanent status.

The City has not been completing the "Certificate of Conformity to Permanent Records Standards" to signify conformance with permanent records standards, and there is no evidence of annual inspections to ascertain any water damage, infestation, or aging of documents.

Finally, the City has not taken steps to ensure that the environmental condition for permanent records is sufficient to protect the documents against damage from temperature, humidity fluctuation, or pest infestation. Monitors have not been installed in the storage room used by the City Clerk, and the contract currently in use for off-site records storage does not detail environmental specifications for the storage of permanent records.

CAUSE: A general lack of knowledge of records retention requirements combined with a decentralized approach to the care and custody of permanent records.

EFFECT: There is little assurance that permanent records have not been lost or destroyed. We found situations in which documents, adopted by Council as a public record, are no longer in the possession of the City Clerk.

The failure to ensure adherence to appropriate standards has created a situation that will require a significant investment in time and money to bring permanent records up to standard. Without this investment, the historical documentation of the City may become discolored or brittle. When routine inspections are not conducted, there is little likelihood that damage or deterioration will be detected in a timely manner.

The City is not in compliance with statutory requirements for the filing of the annual audit with the State Library

CRITERIA: ARS, §9-481, requires that the annual audit of the City be made a public record, which shall be open to the public for inspection. A copy of the report shall be filed with the State Library.

CONDITION: The Comprehensive Annual Financial Report (CAFR), prepared by the external auditor, is placed on the City's website. According to the City Clerk, the report can also be obtained from the Financial Services Department. We looked at the website and found that it does not contain all reports prepared by the external auditor as part of the financial audit. There is no link, for example, to the Report on Internal Controls and no mention of the Report to Management or the response prepared by management setting out steps that will be taken to address the recommendations. We could not locate a Records Retention and Disposition Schedule for the Administrative Division or the Accounting Division of Financial Services so we were unable to determine if this Department had considered the requirement to maintain copies of the annual audit and send one copy to the State Library. We did, however, inquire at the State Library and found that the required copies had not been filed for FY 2000/01 and 2001/02.

We made inquiries of the City Clerk and found that the Office of the City Clerk does not consider these documents under the realm of what is to be retained in that Office. Audit reports, by name, are not listed on the Records Retention and Disposition Schedule for the Office of the City Clerk but we did confirm that the schedule, effective as of the date of the audit, listed "Annual Reports" as a record series to be retained by the City Clerk with a copy filed with the State Library.

CAUSE: No effective oversight function to ensure that different work areas understand which records are to be retained and which area will assume the responsibility for the maintenance of the record.

EFFECT: Non-compliance with statutory requirements, which may limit the access to public records. In this particular situation, a novice may not understand that there are additional reports that, in total, complete the annual audit. If this information is not retained and available at the City Clerk's Office for review, it will be more difficult for interested citizens to make arrangements to have access to reports. Finally, without a coordinated review of the types of annual reports prepared by City staff and efforts to ensure that the reports are listed on schedules and then retained, there is a risk of ongoing non-compliance. For example, a decision was made to remove annual reports from the City Clerk's schedule because they were not maintaining those records. There was no follow-up by the City Clerk's Office to determine if other departments had addressed the issue of annual reports.

OBJECTIVE 2:

Determine if controls are sufficient to assure compliance with state records retention guidelines.

The City does not have a sufficient control environment to assure compliance with state records retention guidelines.

CRITERIA: A sufficient control environment should exist to provide assurance of compliance with appropriate statutory regulations. Controls include implementation of policies and procedures, training programs, periodic reviews of compliance, and established procedures that result in periodic reporting of the level of compliance.

CONDITION: An adequate control environment does not exist to provide assurance of compliance with statutory requirements governing the creation, maintenance, and preservation of records. Policies and procedures are not in place, individuals responsible for the care and custody of records are not required to undergo training to ensure at least a baseline knowledge of appropriate records management techniques, there is no process that periodically verifies compliance at the departmental or work unit level, and no periodic reporting to management about the level of compliance.

CAUSE: No records management program.

EFFECT: The City is not complying with statutory provisions that address the creation, maintenance, and preservation of records documenting the activities of the City. This lack of compliance has placed the City in the position of not having historical documentation of the destruction of records. It has also created a situation in which significant resources are spent, annually, to microfilm documents that are only needed for a short period of time, store documents off-site that are beyond the established retention period, and use space inefficiently to provide on-site storage for records that could easily be stored off-site. But, more importantly, the City has no idea of the level of archival documents (historical or permanent) that have been lost or damaged due to inadequate care.

Controls are not sufficient to ensure that documents are appropriately classified to facilitate records management.

CRITERIA: A standard document classification scheme should exist and be in use throughout the organization to ensure that each document is assigned an initial classification (i.e., an essential record, a report prepared to satisfy a legal mandate, confidential information, or administrative in nature) and is properly

affixed with a stamp or other method of identification so that a work product (i.e., a draft), the final original, and copies can be distinguished.

Procedures should ensure that there is only one true and correct original created when generating documents such as contracts, ordinances, resolutions, fee schedules, permits, and other documents of a legal nature.

CONDITION: The City does not have a document classification scheme to be used when making an initial determination of the purpose of a document. There is no AR or citywide procedure to set out the expectation that draft documents be marked as such, originals to be stamped, dated and page numbered for identification, and copies clearly distinguished as such.

Moreover, there is no policy regarding the creation of legal documents to ensure that there is only one record that can be held out as the original. According to the City Clerk, the historical practice has been such that multiple documents are routed for signature creating a situation in which more than one document can be presented as the "original."¹⁶

There is no established procedure for the handling of records purported to be the historical documentation of actions taken by the Council. Documents, related to an agenda item, are often presented to Council prior to or during Council meetings without any assurance that the City Clerk will be provided a record copy to be included with the file related to actions taken at the meeting. Moreover, there is no procedure that requires Council Action Items and supporting documentation to include a header, date and page number to facilitate the identification of the materials, and the agenda item to which the information pertains.

CAUSE: No records management program.

EFFECT: The failure to distinguish between a record copy (with an original signature) and the document held by the City Clerk as the official record, may place the City in a position of not being able to determine which document should be held out as the "original" if a dispute were to arise. Without a consistent process to ensure that the City Clerk receives all documents presented to Council during deliberations, historical records of Council actions may not be complete. Finally, without a means for the Council and the public to identify documentation and reconcile it to a particular action item, confusion may arise as to which item the documentation supports.

¹⁶ The requirements for contract documents to be prepared in triplicate are actually set out in a rule promulgated by the Purchasing Director.

The Office of the City Clerk was not able to produce the true and correct copy of the "Scottsdale Records Retention Manual," a document declared to be a public record and adopted by Council by reference.

CRITERIA: Documents declared to be a public record are permanent and should be retained and available for review.

CONDITION: The document approved by the City Council and held out to be the City's Records Retention Manual could not be located.

CAUSE: Ineffective records management within the Office of the City Clerk.

EFFECT: With the loss of all versions of the "Scottsdale Records Retention Manual," the City has no historical documentation of the Council action. Because there is no indication of any subsequent Council action to repeal, modify, or otherwise amend the Manual, the policies and procedures would still be in effect. Without the document, however, there is no means to determine what should be in place.

City Code, Section 2-101, and Article 7, of the City Charter, which lists the responsibilities of the City Clerk, is outdated.

CRITERIA: The Office of the City Clerk should be carrying out the duties assigned by Charter or Ordinance. If the duties are no longer an appropriate function, the Ordinance should be amended to remove those duties and assign them to the appropriate area if the activity still needs to be performed.

City Charter, Article 7, Section 11, states:

All ordinances and resolutions shall be filed and safely kept by the city clerk and duly recorded and certified by him in books for that purpose marked 'city ordinances' and 'city resolutions.'

City Code, Section 2-101, *General Duties*, states:

The city clerk shall keep a true and correct record of all the business transacted by the council. He shall sign as city clerk and issue license certificates for all branches of business for which a license may be required and take the receipt therefore. He shall notify, in writing, all persons who may be by the council declared to be officers-elect. The city clerk shall keep separately in large, well-bound, uniform and suitable books of record of all ordinances and resolutions passed by the council.

CONDITION: Ordinances and resolutions are not kept in books. Instead, the original document is filed in a file folder and then kept in a filing cabinet in a locked storage room. An imaged copy of the document is prepared and then used for routine administrative purposes.

It came to our attention that the Office of the City Clerk does not issue license certificates nor does it receive payment for such.

CAUSE: Practices have changed over time and the City Charter and City Code have not been updated to reflect current practice.

EFFECT: The City is not in compliance with Scottsdale Revised Code, Section 2-101, and the City Charter.

RECOMMENDATIONS

The City Manager should:

1. Direct the development of an ordinance, for Council review and approval, setting out the expectation for appropriate records management within the City, the area responsible for the implementation of an active, continuing records management program, and the qualifications for the individual appointed the Records Manager.
2. Ensure that an active, effective, and efficient records management program is developed and implemented.
 - Designate a Records Manager and charge the individual with the responsibility of developing a records management program.
 - Designate responsibility for reviewing documents and other items in the possession of the various work units of the City to determine the appropriateness for the classification as "permanent" or "historical."
 - Ensure that all records identified as "permanent" or "historical" are evaluated for deterioration, compliance with state requirements for the type of media used to create the document, and then centralized within a City Archive. Records should be indexed so that periodic inventories can be undertaken and policies and procedures regarding access to the materials, loans to other organizations, and appropriate steps to ensure the continuing safeguarding of the items could be developed.
 - Address classification of documents and the means to identify work products (i.e., drafts), final reports, and copies. Procedures should require, at a minimum, placement of a header to identify the nature of the document and page numbers so that an entire document can be identified.
 - Address the retention of e-mail and voice messages to ensure that all e-mail and computerized voice messages designated as a record are retained with all appropriate elements and those items not considered a record are deleted systematically according to a pre-determined timeframe.
3. Direct the development of a citywide Administrative Regulation setting the expectations for City staff to create, maintain, and preserve appropriate records to document the activities of the City. The Administrative Regulation should clearly outline the responsibility of each program manager to adhere to rules and regulations set by the City's Records Manager.
4. Develop a system by which departments can be held accountable for adherence to the established records management program.

5. Direct the General Manager, Information Systems, to develop and implement a procedure that routinely deletes e-mail and voice messages according to the retention period set by policy. Staff should be instructed that messages left on the City e-mail server beyond the set retention period will be considered non-record documents and deleted when the retention period expires.
6. Initiate a study to determine if cost savings are available by eliminating the microfilming of short-term documents and using imaging when appropriate. For those areas currently microfilming or imaging documents without approval of the State Library, steps should be taken to obtain approval.
7. Instruct the General Manager, Financial Services, to submit historical copies of the CAFR, Report on Internal Controls, Management Letter, and Response to the City Clerk's Office to be held on a permanent basis.
8. Instruct staff to cease the practice of distributing documents, related to Council Action Items, directly to Council prior to or during a public meeting. These documents should be delivered to the City Clerk for copying and distribution so that a record copy may be retained within the City Clerk's files.

The City Attorney, in consultation with the City Clerk, should direct the development of a citywide standard regarding the construction of contracts, the numbering scheme to be used, the page numbering standards to be followed, and appropriate revision control. The standard should preclude the submission of more than one "true and final" document for signature.

The City Clerk should direct the development of a departmental policy prohibiting the placement of the City Clerk's signature on more than one copy of a contract to ensure that there is a "true and correct" original document. Procedures should require the placement of the contract number and date signed on each page of the contract to ensure that the complete document can be identified.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was twofold. First, to determine if the City is in compliance with state records retention requirements and then to determine if controls are sufficient to ensure compliance.

The scope of the work was limited to compliance with state records retention requirements and covered records generated by the various work units of the City, the Community Facilities Districts (the Council serves as the Board of Directors), and the Industrial Development Authority chartered by the City.

To complete the work, we reviewed the ARS specific to the creation of records, public access to records, retention of records, and use of electronic records. We also reviewed the City Code, resolutions, and the "Records Retention Manual" kept by the Office of the City Clerk. We interviewed the Director and Records Analyst for the Records Management Division of the State Library, the previous City Clerk, Deputy City Clerk (now the City Clerk), and staff within each City department.

We reviewed Records Retention and Disposition Schedules on file at the Office of the City Clerk and those on file at the State Library. We made inquiries of work units to identify situations in which schedules may have been developed but not submitted for approval.

We reviewed policies and procedures that were available as well as contract and billing documents from the City's off-site storage vendor.

Audit work was conducted in accordance with generally accepted government auditing standards as they relate to expanded scope auditing in a local government environment and as required by Article III, Scottsdale Revised Code, Section 2-117, *et seq.* Audit testing took place between June and October 2003, with Stella Fusaro and Eric Spivak conducting the work.

APPENDIX A: MANAGEMENT RESPONSE

Office of the City Manager

INTEROFFICE MEMORANDUM



To: **Cheryl Barcala, Auditor**

From: **Jan Dolan, City Manager**

Date: **Thursday, February 05, 2004**

Re: **Preservation, Maintenance, Care, and Disposition Of Public Records**

The attached action plan, prepared by the City Manager and the City Clerk, is the response to the "Preservation, Maintenance, Care, and Disposition of Public Records" audit workpaper. I agree that the City needs a comprehensive records management program, and believe it makes good fiscal and organizational sense to place responsibility for the program with the City Clerk's Office.

The City Clerk and I share a concern for the safekeeping of the City's public documents, and are committed to ensuring that the City is in compliance with state statutes governing the retention and disposition of our municipal records. The City Clerk has the expertise to make the program work, as well as my commitment and support to make sure that the departments adhere to the citywide records management program developed and implemented by the Clerk's Office.

For the most part, the action plan outlined in the audit response concurs with your findings and recommendations, while providing the City Clerk with the flexibility to make changes and modifications to the records management program when needed. I also took note of your recommendations regarding e-mail and voice messages and the practice of microfilming short-term documents. To ensure we have adequate resources and funding to implement these recommendations, I am asking Information Systems to investigate methods for routinely deleting e-mail and voice mail messages and make appropriate recommendations to me. I am asking the City Clerk to coordinate a similar study regarding microfilming.

Concur:


Carolyn Jagger, City Clerk

c: City Attorney Joseph Bertoldo
General Manager, Financial Services, Craig Clifford
General Manager, Information Systems, Brad Hartig